

AMENDED IN ASSEMBLY MARCH 26, 2015

CALIFORNIA LEGISLATURE—2015–16 REGULAR SESSION

ASSEMBLY BILL

No. 697

Introduced by Assembly Member Chu

February 25, 2015

~~An act to amend Section 1101.5 of the Civil Code, relating to water conservation.~~ *An act to add and repeal Section 17053 of the Revenue and Taxation Code, relating to taxation, to take effect immediately, tax levy.*

LEGISLATIVE COUNSEL'S DIGEST

AB 697, as amended, Chu. ~~Water-conserving plumbing fixtures.~~ *Personal income tax: credits: senior citizen renters.*

The Personal Income Tax Law allows various credits against the tax imposed by that law, including for a qualified renter, defined as an individual who rented and occupied premises in this state which constituted his or her principal place of residence during at least 50% of the taxable year, in a specified amount based on adjusted gross income, as provided.

This bill would allow, for each taxable year beginning on or after January 1, 2016, and before January 1, 2019, a credit in an amount equal to the increase in rent of a qualified residence in specified counties for the taxable year compared to the previous taxable year that is paid or incurred by a qualified taxpayer, which is defined as a senior citizen meeting a certain low-income requirements.

This bill would take effect immediately as a tax levy.

~~Existing law requires the replacement of plumbing fixtures that are not water-conserving, as defined as noncompliant plumbing fixtures,~~

~~in residential and commercial real property built and available for use on or before January 1, 1994, as specified.~~

~~This bill would make technical, nonsubstantive changes to these provisions.~~

Vote: majority. Appropriation: no. Fiscal committee: ~~no~~ yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. (a) *The Legislature finds and declares all of the*
2 *following:*
3 (1) *According to a Kaiser Family Foundation study, California's*
4 *seniors have the nation's highest poverty rate.*
5 (2) *Twenty percent of California adults over 65 years of age*
6 *live below the poverty threshold of about \$16,000, when the higher*
7 *cost of housing and health care are taken into account.*
8 (3) *Nationally, homelessness among seniors is projected to rise*
9 *by 33 percent between 2010 and 2020, and by 100 percent between*
10 *2010 and 2050, according to a 2010 report from the Homelessness*
11 *Research Institute.*
12 (4) *The Los Angeles Homeless Services Authority reports that*
13 *from 2011 to 2013, inclusive, Los Angeles County had a 29.1*
14 *percent increase in the number of homeless people 62 years of age*
15 *and older.*
16 (5) *According to a March 2013 report of the National Low*
17 *Income Housing Coalition, California is the second least affordable*
18 *state behind Hawaii.*
19 (6) *According to the federal Department of Housing and Urban*
20 *Development, fair market rent in California for a two-bedroom*
21 *apartment is \$1,341 a month. In order to afford this level of rent*
22 *and utilities, without paying more than 30 percent of income on*
23 *housing, a household needs to earn \$4,470 monthly or \$53,640*
24 *annually.*
25 (7) *Three out of the 10 most expensive metropolitan areas and*
26 *six out of the 10 most expensive counties nationally are in*
27 *California.*
28 (8) *In order to slow the growing numbers of homeless senior*
29 *citizens being priced out of their homes, California must begin to*
30 *explore practical means to slow this disaster.*

1 **(b)** *The Legislature hereby enacts this act to test if the personal*
2 *income tax credit described in Section 17053 of the Revenue and*
3 *Taxation Code is a viable method to help low-income California*
4 *senior renters remain in their homes.*

5 **SEC. 2.** *Section 17053 is added to the Revenue and Taxation*
6 *Code, to read:*

7 **17053.** *(a) For each taxable year beginning on or after*
8 *January 1, 2016, and before January 1, 2019, there shall be*
9 *allowed as a credit against the “net tax,” as defined in Section*
10 *17039, an amount equal to the increase in rent of a qualified*
11 *residence for the taxable year compared to the previous taxable*
12 *year that is paid or incurred by a qualified taxpayer.*

13 **(b)** *For the purposes of this section, the following definitions*
14 *shall apply:*

15 **(1)** *“Qualified taxpayer” means a person with all of the*
16 *following characteristics:*

17 **(A)** *He or she is 62 years of age or older.*

18 **(B)** *He or she rents a qualified residence as his or her primary*
19 *residence, he or she is named on the lease for that residence, and*
20 *he or she has rented that residence for a period of 12 months or*
21 *more.*

22 **(C)** *His or her combined annual household income is fifty*
23 *thousand dollars (\$50,000) or less, more than one-third of which*
24 *is spent on rent.*

25 **(2)** *“Qualifying residence” means a property that is located in*
26 *the County of Alameda, the City and County of San Francisco, the*
27 *County of Ventura, and the County of Santa Clara.*

28 **(c)** *In the case where the credit allowed by this section exceeds*
29 *the “net tax,” the excess may be carried over to reduce the “net*
30 *tax” in the following year, and succeeding seven years, if*
31 *necessary, until the total credit is exhausted.*

32 **(d)** *A credit shall not be allowed under this section if a renter’s*
33 *credit has been claimed by a taxpayer pursuant to Section 17053.5.*

34 **(e)** *This section shall remain in effect only until December 1,*
35 *2019, and as of that date is repealed.*

36 **SEC. 3.** *This act provides for a tax levy within the meaning of*
37 *Article IV of the Constitution and shall go into immediate effect.*

38 ~~**SECTION 1.** Section 1101.5 of the Civil Code is amended to~~
39 ~~**read:**~~

1 ~~1101.5. (a) On or before January 1, 2019, all noncompliant~~
2 ~~plumbing fixtures in a multifamily residential real property and in~~
3 ~~a commercial real property shall be replaced with water-conserving~~
4 ~~plumbing fixtures.~~

5 ~~(b) An owner or the owner's agent may enter the owner's~~
6 ~~property for the purpose of installing, repairing, testing, and~~
7 ~~maintaining water-conserving plumbing fixtures required by this~~
8 ~~section, consistent with the notice requirements of Section 1954.~~

9 ~~(c) On and after January 1, 2019, the water-conserving plumbing~~
10 ~~fixtures required by this section shall be operating at the~~
11 ~~manufacturer's rated water consumption at the time that the tenant~~
12 ~~takes possession. A tenant shall be responsible for notifying the~~
13 ~~owner or owner's agent if the tenant becomes aware that a~~
14 ~~water-conserving plumbing fixture within his or her unit is not~~
15 ~~operating at the manufacturer's rated water consumption. The~~
16 ~~owner or owner's agent shall correct an inoperability in a~~
17 ~~water-conserving plumbing fixture upon notice by the tenant or if~~
18 ~~detected by the owner or the owner's agent.~~

19 ~~(d) (1) On and after January 1, 2014, all noncompliant plumbing~~
20 ~~fixtures in a multifamily residential real property and in a~~
21 ~~commercial real property shall be replaced with water-conserving~~
22 ~~plumbing fixtures in the following circumstances:~~

23 ~~(A) For building additions in which the sum of concurrent~~
24 ~~building permits by the same permit applicant would increase the~~
25 ~~floor area of the space in a building by more than 10 percent, the~~
26 ~~building permit applicant shall replace all noncompliant plumbing~~
27 ~~fixtures in the building.~~

28 ~~(B) For building alterations or improvements in which the total~~
29 ~~construction cost estimated in the building permit is greater than~~
30 ~~one hundred fifty thousand dollars (\$150,000), the building permit~~
31 ~~applicant shall replace all noncompliant plumbing fixtures that~~
32 ~~service the specific area of the improvement.~~

33 ~~(C) Notwithstanding subparagraph (A) or (B), for any alterations~~
34 ~~or improvements to a room in a building that require a building~~
35 ~~permit and that room contains any noncompliant plumbing fixtures,~~
36 ~~the building permit applicant shall replace all noncompliant~~
37 ~~plumbing fixtures in that room.~~

38 ~~(2) Replacement of all noncompliant plumbing fixtures with~~
39 ~~water-conserving plumbing fixtures, as described in paragraph (1),~~
40 ~~shall be a condition for issuance of a certificate of final completion~~

1 ~~and occupancy or final permit approval by the local building~~
2 ~~department.~~
3 ~~(e) On and after January 1, 2019, a seller or transferor of~~
4 ~~multifamily residential real property or of commercial real property~~
5 ~~shall disclose to the prospective purchaser or transferee, in writing,~~
6 ~~the requirements of subdivision (a) and whether the property~~
7 ~~includes any noncompliant plumbing fixtures. This disclosure may~~
8 ~~be included in other transactional documents.~~

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